

FISCAL NOTE

HB 2534 – SB 2759

January 24, 2008

SUMMARY OF BILL: Amends the retirement law by increasing the benefit improvement from 5% to 10% effective January 1, 2009. Increases the retirement allowance at various levels for certain retired members whose retirement occurred before July 1, 1989.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$106,375,600/Annual Amortized Cost

**Increase Local Govt. Expenditures* - \$38,982,700/Annual
Amortized Cost**

**Other Fiscal Impact – Increase Federal/Other Expenditures -
\$15,967,200/Annual Amortized Cost**

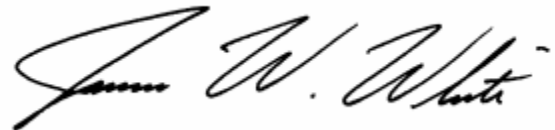
Assumptions:

- Total lump sum pension liability of \$1,624,449,200.
- Annual amortization cost assumes a 20-year lump sum liability.
- K-12 teachers assume a 60%-40% ratio between state and local funding.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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